

Philosophy and Structure of Decanal Pay Packages

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“aligning performance with mission”
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Scope of Presentation

- Philosophy
- Structure
- Processes
- Variable Compensation



Philosophy - Labor Market

- Law School Dean Openings
 - Wanted: law school deans. Lots of them. Dozens of law schools search for leaders; many leery of new demands. www.NLJ.com 02.02.2009
- Job Description
 - Excerpt from WVU posting “assure the school's quality as a research, teaching, and service institution, enhance its financial strength, and ” ABLE TO LEAP TALL BUILDINGS....
- Entering and Leaving
 - Associate Dean, Associate Academic VP, Professor, Judge, Attorney General,....



Philosophy - Market Pay

- 2008-09 CUPA-HR Administrative Compensation Survey
- 77k incumbents, 274 positions, 1,329 institutions

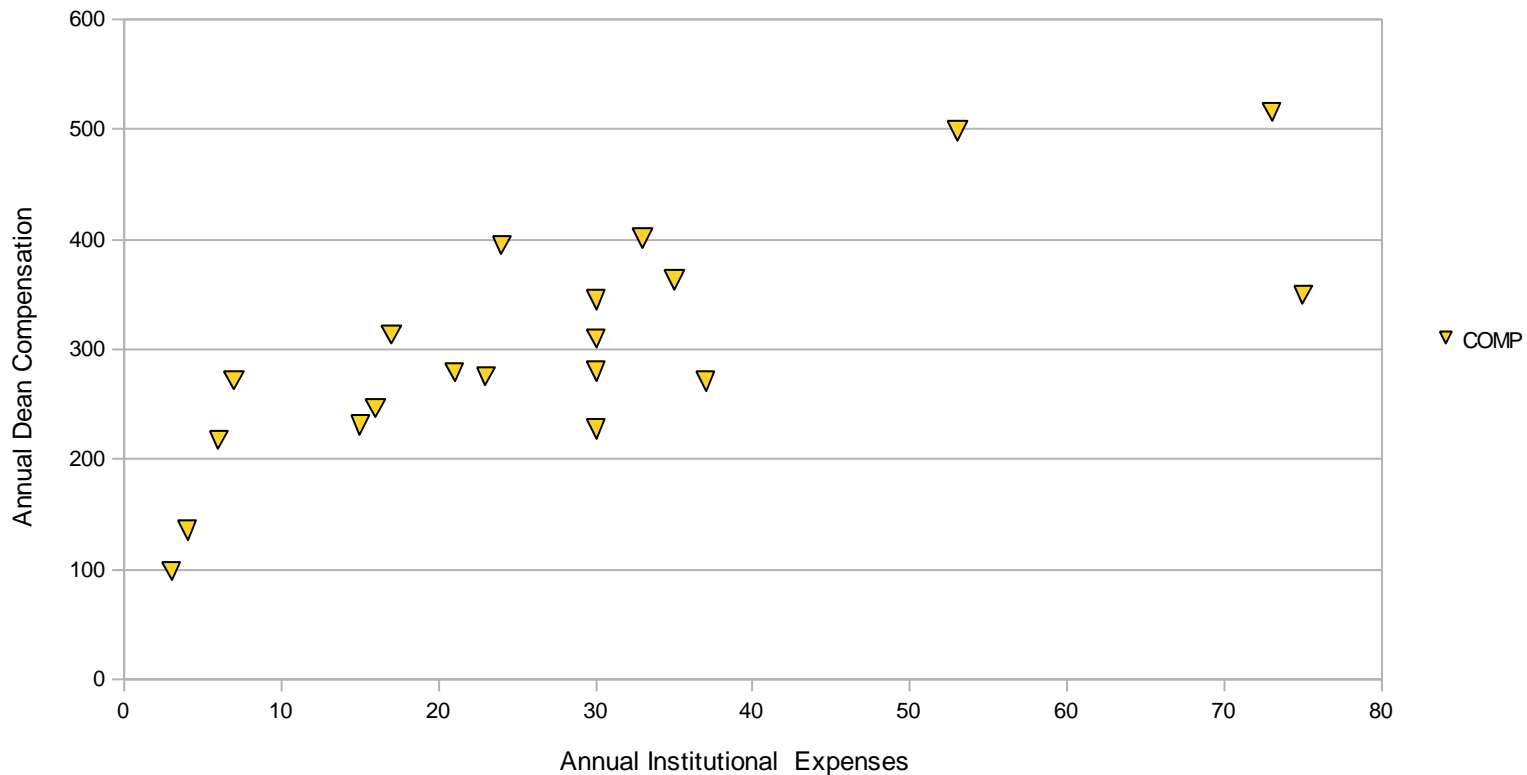
	Q1	Q2	Q3	Q4		
	<\$32M	\$32M-\$70M	\$70M-\$171M	>\$171M	Median	#
Dean			\$244k	\$280k	\$267k	137
A/A Dean			\$112k	\$140k	\$133k	102



Philosophy - Market Pay

IRS FORM 990 ANALYSIS FYE 07 & 08

Raw Data Only



Philosophy - Basic Tenets

- Connection of Compensation to Mission
- Peer Group(s)
- Competitive Level
- Role of Components of Compensation
- Other Campus Philosophies



Philosophy - Sample Language

- “The compensation structure and systems of our organization will support our mission, strategy, and values.
- We will pay for performance, skills and competencies, development and growth, and effective visible commitment to the organization.
- Our compensation structure will be a mixture of base salary; performance-based “at-risk” pay appropriate to the nonprofit marketplace; retirement and other benefits; and special recognition awards where merited by performance.....
- Executives and staff will receive regular and comprehensive training in the compensation system”
- ***Dollars and Sense: The Nonprofit Board's Guide to Determining Chief Executive Compensation by Brian H. Vogel and Charles W. Quatt BoardSource***



Structure - Component Considerations

- Base Salary
- Variable Compensation
- Deferred Compensation
- Benefits and Perquisites
- Post Appointment
- Non Law School Income
- Transparency



Processes - Role Clarity

- Board
- Committee
- Leadership
- Human Resources
- Consultants



Variable Compensation - Board Interest

- Common in their world
- Frames performance expectations
- Justifies above median compensation
- Retains performing leaders



Variable Compensation - Performance Metrics

Operating Effectiveness

Fund Raising

Student Quality

Student Outcomes

Faculty Quality



Variable Compensation - Sample 5 Year Plan Design

- Analyzed IRS Form 990 Compensation Data for Dean of Institutions with Expenses between \$20M and \$40M:
 - p25 \$275k
 - p50 \$300k
 - p75 \$350k
- Board has philosophically embraced pay for performance
- Board is willing to pay up to p75 level



Variable Compensation - Sample 5 Year Plan Design

- 5 years of compensation at \$350k is \$1.75M
- Board designs compensation as:
 - 5 years of base salary of \$290k, for a total of \$1.45M
 - \$300k Long term incentive opportunity



Variable Compensation - Sample 5 Year Plan Design

- Conditions for \$300k LTI opportunity:
 - Must be in service at end of period, except death or disability
 - Must have achieved three of four predefined performance goals at required levels



Questions

